



TOA Paint (Thailand)

(TOA.BK/TOA TB) *

Neutral-Maintained

| | |
|-------------------------------|-----------|
| Price as of 22 Aug 2018 | 34.50 |
| 12M target price (Bt/share) | 38.25 |
| Unchanged / Revised up (down) | Unchanged |
| (%) | |
| Upside/downside (%) | 10.9 |

Key messages

TOA's 2Q18 earnings rose 12% YoY but declined 17.6% QoQ. The YoY growth was thanks to product price hikes and increased sales volume. Meanwhile, the drop QoQ was due to i) domestic seasonality, ii) decline in premium segment sales volume, and iii) less economies of scale. Management conservatively toned down revenue growth to mid-single-digit while its EBITDA margin target of 18.5% could be difficult to achieve. The company's regional capacity expansion plan is still on track (Indonesia COD in 4Q18, Myanmar COD in 1Q19 and Cambodia COD in 2Q19). We re-iterate a rating of Neutral with a mid-2019 target price of Bt38.25 based on PER 34.3x. THB/US\$ and raw material prices are key factors to closely monitor.

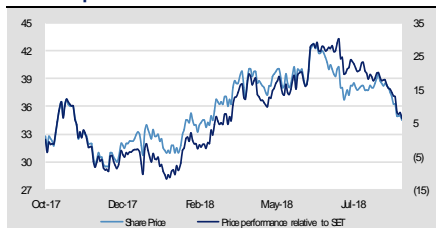
Trading data

| | |
|----------------------------|----------------|
| Mkt cap (Btbn/US\$m) | 70.0/2,140 |
| Outstanding shares (mn) | 2,029 |
| Foreign ownership (mn) | 210.4 |
| 3M avg. daily trading (mn) | 14.0 |
| 52-week trading range (Bt) | 28.0-43.0 |
| Performance (%) | 3M 6M 12M |
| Absolute | -13.2 1.5 N.A. |
| Relative | -11.4 8.1 N.A. |

Quarterly EPS

| Bt | 1Q | 2Q | 3Q | 4Q |
|------|------|------|------|------|
| 2016 | 0.84 | 0.73 | 0.66 | 0.58 |
| 2017 | 0.47 | 0.22 | 0.20 | 0.20 |
| 2018 | 0.27 | 0.22 | N.A. | N.A. |

Share price chart



Source: SET
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This too shall pass

Event

Analyst meeting.

Impact

Soft 2Q18 earnings mainly due to product mix and high raw material prices

TOA's 2Q18 earnings rose 12% YoY but declined 17.6% QoQ. The YoY growth was thanks to product price hikes and increased sales volume. The decline QoQ was due to i) domestic seasonality (Songkran holiday), ii) decline in premium segment sales volume, and iii) less economies of scale due to lower production during the low season. We believe the decline in the premium segment was due to abnormal inventory stock up before product price hikes in February 2018. We still believe premiumization would benefit the company in the long run as premium product sales volume did increase 8% YoY.

Management conservatively toned down revenue and EBITDA margin targets

Management guided for revenue growth in the mid-single-digits, while we anticipate growth of 8.5% (domestic sales growth of 6.6% and regional market sales growth of 20.6%). While it may be difficult for EBITDA margin to reach the company's target of 18.5%, as 1H18 EBITDA margin was only 17.4%, we do expect slight improvement in 2H18. Sales should be flat QoQ in 3Q18 due to the heavy rainy season and then reach the peak for the year in 4Q18 as construction activity accelerates across the region. We anticipate 2018 EBITDA margin at 17.7%. Overall, we believe our 2018 earnings forecast is in-line with management's view.

Good progress on regional expansion

TOA's Indonesia plant (7.8mn gallons p.a.) would COD in 4Q18, while Myanmar (4mn gallons p.a.) and Cambodia (3.3mn gallons p.a.) are expected to COD in 1Q19 and 2Q19, respectively. In 2019, the company will have production capacity of 102.5mn gallons p.a. (+16%). Auto tinting machines would be the key factor to penetrate the markets. TOA targets to increase the number of installed machines from 6,310 in 2Q18 to 6,600 by the end of this year. We believe that contribution from overseas sales would increase from 13.2% of total sales in 2017 to 13.8% in 2019.

Valuation and action

We re-iterate a rating of Neutral with a mid-2019 target price of Bt38.25 based on PER 34.3x. THB/US\$ and raw material prices are the key factors to closely monitor.

Risks

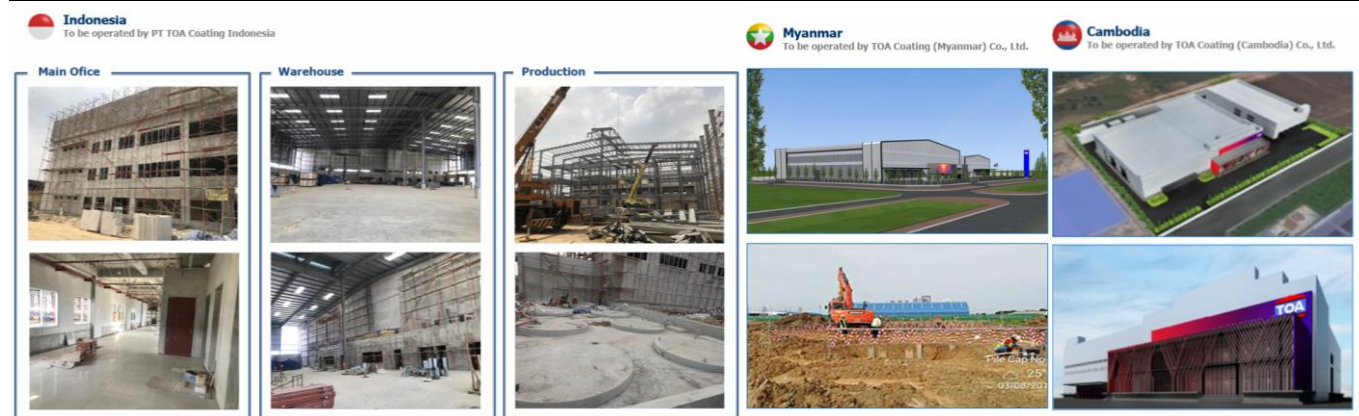
Rise in production costs, fluctuation in THB/US\$, intense competition in regional markets.

Key financials and valuations

| | Dec-16A | Dec-17A | Dec-18F | Dec-19F | Dec-20F |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue (Bt mn) | 16,297 | 15,718 | 17,046 | 18,455 | 19,992 |
| Gross profit (Bt mn) | 6,203 | 5,367 | 6,017 | 6,551 | 7,137 |
| EBIT (Bt mn) | 3,207 | 2,180 | 2,652 | 2,975 | 3,279 |
| Net profit (Bt mn) | 2,526 | 1,710 | 2,134 | 2,398 | 2,648 |
| EPS (Bt) | 2.81 | 0.84 | 1.05 | 1.18 | 1.31 |
| DPS (Bt) | 7.25 | 0.74 | 0.42 | 0.47 | 0.65 |
| EPS growth (%) | 18.5 | (70.0) | 24.8 | 12.4 | 10.4 |
| P/E (x) | n.a. | 38.6 | 32.8 | 29.2 | 26.4 |
| P/B (x) | n.a. | 7.8 | 7.5 | 6.5 | 5.8 |
| EV/EBITDA (x) | n.a. | 25.6 | 23.0 | 20.3 | 18.2 |
| Net Debt to Equity (x) | 2.7 | -0.1 | 0.0 | -0.1 | -0.2 |
| Dividend Yield (%) | n.a. | 2.3 | 1.2 | 1.4 | 1.9 |

Source: Company data, KGI Research

Figure 1: Construction progress



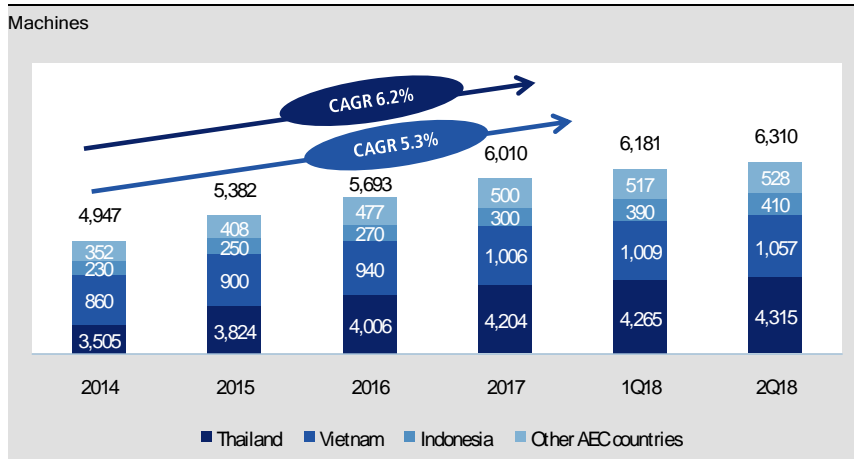
Source: Company data, KGI Research

Auto tinting machines are key to market penetration

Auto tinting machines would be the key factor to penetrate overseas markets. As of 2Q18, TOA had a total of 6,310 machines (4,315 machines domestically and 1,995 machines in AEC). Indonesia and Myanmar are the key markets to penetrate as new plants are lined up for COD. TOA expects to have approximately 6,600 machines by the end of this year.

Around two-thirds of dealers in Thailand installed TOA's auto tinting machines. Meanwhile the company pushed the overseas market penetration by giving away auto tinting machines to dealers for free with committed sales volume per year. Currently TOA has approximately 205 retail outlets in Indonesia with 400 machines installed and approximately 1,000 retail outlets in Vietnam with 1,057 machines. These figures would support TOA's market penetration as the ratio of machines per outlet is more than one (every outlet in Indonesia has two machine while almost every Vietnam dealer has a machine). Auto tinting machines not only increase premiumization, but also create a barrier to entry for the small-scale dealers. We have a positive view on TOA's marketing strategy as overseas markets such as Vietnam, Indonesia and Myanmar could develop from heavy use in the economy-medium segment to premium segment and increased market share in the long term. We also believe overseas markets would gradually focus more on the premium segment and TOA's specialization in premium products should make it a first mover to gain market share as local players in overseas markets are more focused on economy to medium products.

Figure 2 : Auto-tinting machines



Source: Company data, KGI Research

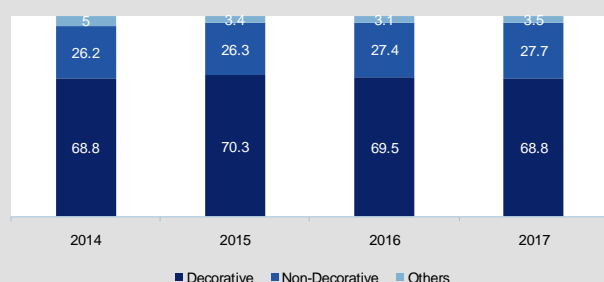
Figure 3: Company profile

TOA Paint (Thailand) (TOA) is the largest paint and coating producer in Thailand with a market share of 48.7%. Its main products are decorative paint, coating products, and non-decorative paint and coating products, such as protective wood lacquers and heavy paints for chemical construction. TOA serves households and industrial markets in Southeast Asia, where it has a 13% market share.

Source: Company data

Figure 5: Revenue breakdown by product

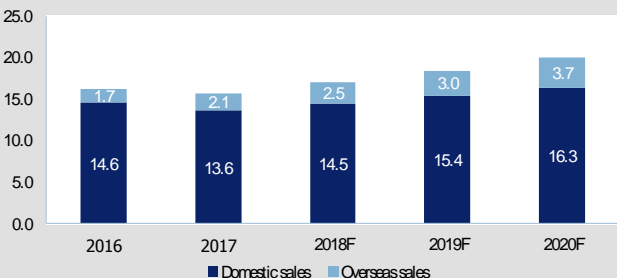
Total revenue, percent



Source: Company data, KGI Research

Figure 7: Revenue outlook

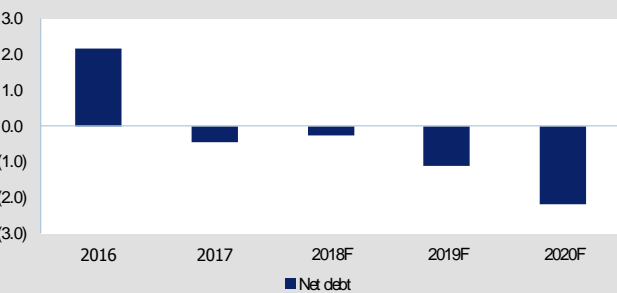
Bt bn



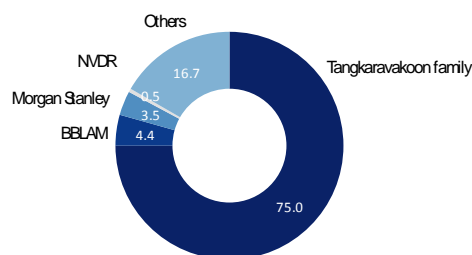
Source: Company data, KGI Research

Figure 9: From net debt to net cash

Bt mn



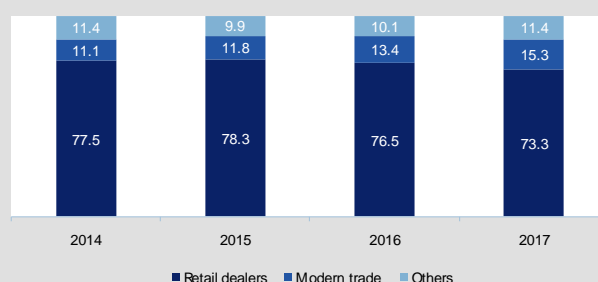
Source: KGI Research

Figure 4: Major shareholders


Source: Company data, KGI Research

Figure 6: Revenue breakdown by distribution channels

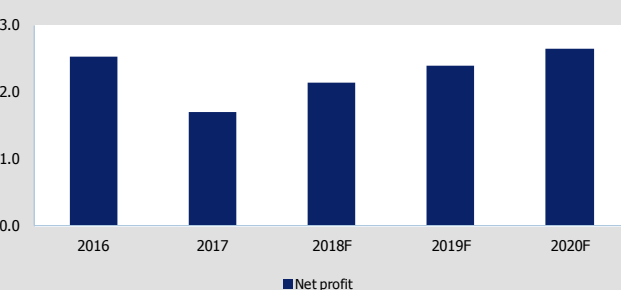
Total revenue, percent



Source: Company data, KGI Research

Figure 8: Net profit

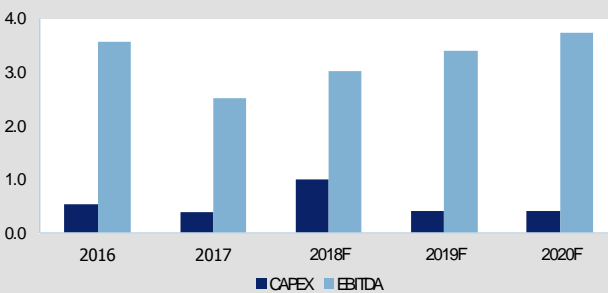
Bt mn



Source: Company data, KGI Research

Figure 10: CAPEX and EBITDA

Bt bn



Source: KGI Research

Quarterly Income Statement

| Quarterly Income Statement (Bt mn) | 2016 Mar-16A | 2016 Jun-16A | 2016 Sep-16A | 2016 Dec-16A | 2017 Mar-17A | 2017 Jun-17A | 2017 Sep-17A | 2017 Dec-17A | 2018 Mar-18A | 2019 Jun-18A |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 4,220 | 4,120 | 3,848 | 4,109 | 3,951 | 3,767 | 3,740 | 4,260 | 4,216 | 3,840 |
| Cost of Goods Sold | (2,559) | (2,533) | (2,400) | (2,602) | (2,542) | (2,479) | (2,515) | (2,816) | (2,726) | (2,516) |
| Gross Profit | 1,661 | 1,587 | 1,448 | 1,507 | 1,410 | 1,288 | 1,224 | 1,445 | 1,490 | 1,325 |
| Operating Expenses | (778) | (816) | (781) | (852) | (799) | (791) | (801) | (902) | (828) | (803) |
| Other incomes | 63 | 69 | 71 | 28 | 26 | 20 | 22 | 39 | 33 | 18 |
| Operating Profit | 946 | 840 | 739 | 682 | 637 | 516 | 445 | 581 | 694 | 539 |
| Depreciation of fixed assets | 94 | 87 | 88 | 87 | 84 | 84 | 85 | 86 | 84 | 85 |
| Operating EBITDA | 1,041 | 927 | 827 | 769 | 721 | 600 | 531 | 667 | 778 | 624 |
| Non-Operating Income | - | 0 | - | (0) | - | 0 | - | (0) | - | 8 |
| Interest Income | - | - | - | - | - | - | - | - | - | - |
| Other Non-op Income | - | 0 | - | 0 | - | 0 | - | (0) | - | 8 |
| Non-Operating Expenses | 23 | 25 | 19 | 20 | 21 | 19 | 19 | 16 | 7 | 6 |
| Interest Expense | 23 | 25 | 19 | 20 | 21 | 19 | 19 | 16 | 7 | 6 |
| Other Non-op Expenses | - | - | - | - | - | - | - | - | - | - |
| Pre-tax Profit | 924 | 814 | 720 | 662 | 616 | 497 | 426 | 565 | 687 | 541 |
| Current taxation | (166) | (166) | (135) | (145) | (120) | (99) | (84) | (99) | (149) | (108) |
| Minorities | (0) | 2 | 5 | 12 | 1 | (1) | 8 | (0) | 3 | 13 |
| Extraordinary items | - | - | - | - | - | - | - | - | - | - |
| Net Profit | 757 | 651 | 589 | 529 | 497 | 397 | 350 | 466 | 541 | 445 |
| EPS (Bt) | 0.84 | 0.73 | 0.66 | 0.58 | 0.47 | 0.22 | 0.20 | 0.23 | 0.27 | 0.22 |
| Margins (%) | | | | | | | | | | |
| Gross profit margin | 39.4 | 38.5 | 37.6 | 36.7 | 35.7 | 34.2 | 32.7 | 33.9 | 35.3 | 34.5 |
| Operating margin | 22.4 | 20.4 | 19.2 | 16.6 | 16.1 | 13.7 | 11.9 | 13.6 | 16.5 | 14.0 |
| Operating EBITDA margin | 24.7 | 22.5 | 21.5 | 18.7 | 18.3 | 15.9 | 14.2 | 15.7 | 18.5 | 16.3 |
| Net profit margin | 17.9 | 15.8 | 15.3 | 12.9 | 12.6 | 10.5 | 9.4 | 10.9 | 12.8 | 11.6 |
| Growth (%) | | | | | | | | | | |
| Revenue growth | | (2.4) | (6.6) | 6.8 | (3.8) | (4.7) | (0.7) | 13.9 | (1.0) | (8.9) |
| Operating growth | | (11.3) | (12.0) | (7.6) | (6.7) | (18.9) | (13.7) | 30.6 | 19.4 | (22.3) |
| Operating EBITDA growth | | (10.9) | (10.8) | (7.0) | (6.3) | (16.8) | (11.6) | 25.7 | 16.6 | (19.8) |
| Net profit growth | | (14.0) | (9.4) | (10.3) | (6.0) | (20.2) | (11.7) | 32.9 | 16.1 | (17.6) |

Source: KGI Research

Balance Sheet

| As of 31 Dec (Bt mn) | 2016 | 2017 | 2018F | 2019F | 2020F |
|------------------------------|--------------|---------------|---------------|---------------|---------------|
| Total Assets | 9,644 | 14,095 | 14,772 | 16,325 | 17,793 |
| Current Assets | 7,297 | 11,698 | 11,768 | 13,334 | 14,844 |
| Cash & ST Investments | 2,156 | 6,284 | 6,183 | 7,324 | 8,370 |
| Inventories | 2,019 | 2,232 | 2,206 | 2,381 | 2,571 |
| Accounts Receivable | 2,840 | 2,936 | 3,082 | 3,337 | 3,615 |
| Others | 283 | 246 | 296 | 292 | 289 |
| Non-current Assets | 2,347 | 2,397 | 3,005 | 2,990 | 2,948 |
| LT Investments | 0 | 0 | 0 | 0 | 0 |
| Net fixed Assets | 1,935 | 1,945 | 2,572 | 2,549 | 2,498 |
| Others | 412 | 452 | 433 | 442 | 450 |
| Total Liabilities | 8,866 | 5,682 | 5,499 | 5,625 | 5,779 |
| Current Liabilities | 8,441 | 5,422 | 5,225 | 5,342 | 5,488 |
| Accounts Payable | 3,602 | 3,826 | 3,777 | 4,076 | 4,402 |
| ST Borrowings | 3,727 | 1,371 | 1,000 | 800 | 600 |
| Others | 1,112 | 225 | 448 | 466 | 485 |
| Long-term Liabilities | 426 | 260 | 275 | 283 | 291 |
| Long-term Debts | 166 | 0 | 0 | 0 | 0 |
| Others | 259 | 260 | 275 | 283 | 291 |
| Shareholders' Equity | 778 | 8,413 | 9,273 | 10,699 | 12,014 |
| Common Stock | 900 | 2,029 | 2,029 | 2,029 | 2,029 |
| Capital Surplus | 0 | 5,762 | 5,762 | 5,762 | 5,762 |
| Retained Earnings | (97) | 647 | 1,523 | 2,954 | 4,270 |
| Non-controlling interests | (25) | (25) | (40) | (45) | (47) |

Source: KGI Research

Key Ratios

| Year to 31 Dec (Bt mn) | 2016 | 2017 | 2018F | 2019F | 2020F |
|----------------------------------|---------|--------|-------|---------|---------|
| Forecast Drivers | | | | | |
| Growth (% YoY) | | | | | |
| Sales | (2.7) | (3.6) | 8.5 | 8.3 | 8.3 |
| OP | 15.0 | (32.0) | 21.6 | 12.2 | 10.2 |
| EBITDA | 11.7 | (29.3) | 20.1 | 12.3 | 9.8 |
| NP | 18.5 | (32.3) | 24.8 | 12.4 | 10.4 |
| EPS | 18.5 | (70.0) | 24.8 | 12.4 | 10.4 |
| Profitability (%) | | | | | |
| Gross Margin | 38.1 | 34.1 | 35.3 | 35.5 | 35.7 |
| Operating Margin | 19.7 | 13.9 | 15.6 | 16.1 | 16.4 |
| EBITDA Margin | 21.9 | 16.0 | 17.7 | 18.4 | 18.7 |
| Net Profit Margin | 15.5 | 10.9 | 12.5 | 13.0 | 13.2 |
| ROAA | 22.3 | 14.4 | 17.7 | 15.4 | 15.5 |
| ROAE | 324.7 | 20.3 | 23.0 | 22.4 | 22.0 |
| Stability | | | | | |
| Gross Debt/Equity (%) | 1,104.3 | 67.3 | 59.1 | 52.4 | 47.9 |
| Net Debt/Equity (%) | 271.5 | (5.3) | (2.9) | (10.4) | (18.3) |
| Interest Coverage (x) | 36.9 | 28.9 | 110.5 | 148.7 | 218.6 |
| Interest & ST Debt Coverage (x) | 0.8 | 1.6 | 2.7 | 3.8 | 5.6 |
| Cash Flow Interest Coverage (x) | 31.9 | 23.9 | 94.4 | 135.7 | 198.7 |
| Cash Flow/Interest & ST Debt (x) | 0.7 | 1.2 | 2.2 | 3.3 | 4.8 |
| Current Ratio (x) | 0.9 | 2.2 | 2.3 | 2.5 | 2.7 |
| Quick Ratio (x) | 0.6 | 1.7 | 1.8 | 2.1 | 2.2 |
| Net Debt (Bt mn) | 2,180 | (445) | (269) | (1,118) | (2,201) |
| Per Share Data (Bt) | | | | | |
| EPS | 2.8 | 0.8 | 1.1 | 1.2 | 1.3 |
| CFPS | 2.1 | 0.9 | 1.2 | 1.4 | 1.5 |
| BVPS | 0.9 | 4.2 | 4.6 | 5.3 | 5.9 |
| SPS | 18.1 | 7.7 | 8.4 | 9.1 | 9.9 |
| EBITDA/Share | 4.0 | 1.2 | 1.5 | 1.7 | 1.8 |
| DFS | 7.3 | 0.7 | 0.4 | 0.5 | 0.7 |
| Activity | | | | | |
| Asset Turnover (x) | 1.4 | 1.3 | 1.2 | 1.2 | 1.2 |
| Days Receivables | 65.1 | 67.1 | 63.4 | 63.5 | 63.5 |
| Days Inventory | 72.4 | 74.9 | 70.8 | 70.3 | 70.3 |
| Days Payable | 132.2 | 131.0 | 121.3 | 120.4 | 120.4 |
| Cash Cycle | 5.2 | 11.0 | 12.9 | 13.4 | 13.4 |

Source: KGI Research

Profit & Loss

| Year to 31 Dec (Bt mn) | 2016 | 2017 | 2018F | 2019F | 2020F |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 16,297 | 15,718 | 17,046 | 18,455 | 19,992 |
| Cost of Goods Sold | (10,095) | (10,351) | (11,029) | (11,903) | (12,855) |
| Gross Profit | 6,203 | 5,367 | 6,017 | 6,551 | 7,137 |
| Operating Expenses | (3,227) | (3,294) | (3,460) | (3,673) | (3,958) |
| Other incomes | 231 | 107 | 95 | 96 | 101 |
| Operating Profit | 3,207 | 2,180 | 2,652 | 2,975 | 3,279 |
| Depreciation of fixed assets | 357 | 340 | 374 | 423 | 451 |
| Operating EBITDA | 3,564 | 2,520 | 3,026 | 3,398 | 3,730 |
| Non-Operating Income | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 0 | 0 | 0 | 0 | 0 |
| Other Non-op Income | 0 | 0 | 0 | 0 | 0 |
| Non-Operating Expenses | (87) | (75) | (24) | (20) | (15) |
| Interest Expense | (87) | (75) | (24) | (20) | (15) |
| Other Non-op Expenses | 0 | 0 | 0 | 0 | 0 |
| Equity Income/(Loss) | 0 | 0 | 0 | 0 | 0 |
| Pretax Income | 3,120 | 2,105 | 2,628 | 2,955 | 3,264 |
| Current taxation | (613) | (401) | (512) | (576) | (637) |
| Minorities | 19 | 6 | 19 | 19 | 20 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Net Profit | 2,526 | 1,710 | 2,134 | 2,398 | 2,648 |
| Norm. Profit | 2,526 | 1,710 | 2,134 | 2,398 | 2,648 |
| EPS (Bt) | 2.81 | 0.84 | 1.05 | 1.18 | 1.31 |

Source: KGI Research

Cash Flow

| Year to 31 Dec (Bt mn) | 2016 | 2017 | 2018F | 2019F | 2020F |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Operating Cash Flow | 2,775 | 1,804 | 2,266 | 2,713 | 2,980 |
| Net Profit | 2,526 | 1,710 | 2,134 | 2,398 | 2,648 |
| Depreciation & Amortization | 357 | 340 | 374 | 423 | 451 |
| Change in Working Capital | (52) | (197) | (343) | (120) | (132) |
| Others | (56) | (49) | 102 | 12 | 12 |
| Investment Cash Flow | 2,920 | (4,374) | (1,475) | (900) | (571) |
| Net CAPEX | (542) | (382) | (1,000) | (400) | (400) |
| Change in LT Investment | 0 | 0 | 0 | 0 | 0 |
| Change in Other Assets | 3,462 | (3,992) | (474) | (500) | (171) |
| Free Cash Flow | 5,695 | (2,570) | 792 | 1,813 | 2,409 |
| Financing Cash Flow | (6,697) | 2,777 | (1,237) | (1,164) | (1,525) |
| Change in Share Capital | 0 | 6,870 | 0 | 0 | 0 |
| Net Change in Debt | (183) | (2,599) | (368) | (199) | (199) |
| Change in Other LT Liab. | (6,514) | (1,495) | (869) | (964) | (1,326) |
| Net Cash Flow | (952) | 103 | (445) | 649 | 884 |

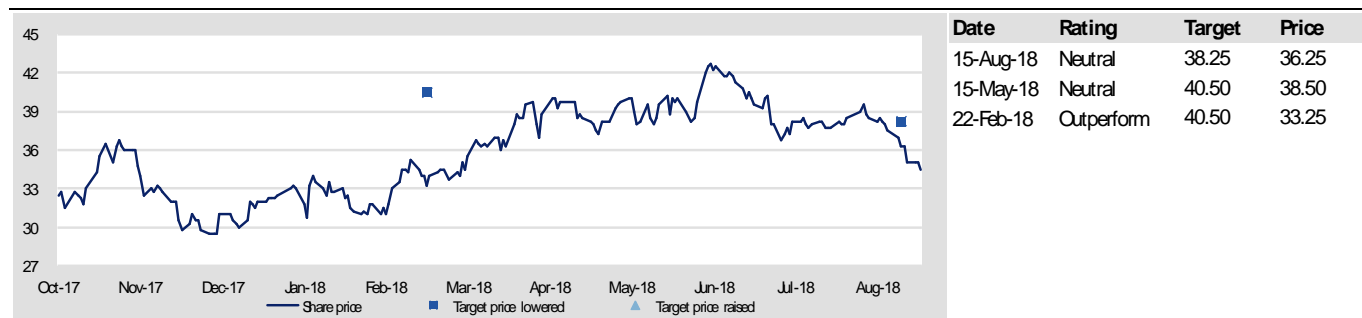
Source: KGI Research

Rates of Return on Invested Capital

| Year | 1- $\frac{\text{COGS}}{\text{Revenue}}$ | + $\frac{\text{Depreciation}}{\text{Revenue}}$ | + $\frac{\text{Operating Exp.}}{\text{Revenue}}$ | = Operating Margin |
|-------|----------------------------------------------------|------------------------------------------------|--------------------------------------------------|-------------------------------------------|
| 2016 | 59.7% | 2.2% | 19.8% | 18.3% |
| 2017 | 63.7% | 2.2% | 21.0% | 13.2% |
| 2018F | 62.5% | 2.2% | 20.3% | 15.0% |
| 2019F | 62.2% | 2.3% | 19.9% | 15.6% |
| 2020F | 62.0% | 2.3% | 19.8% | 15.9% |
| Year | 1/ $\frac{\text{Working Capital}}{\text{Revenue}}$ | + $\frac{\text{Net PPE}}{\text{Revenue}}$ | + $\frac{\text{Other Assets}}{\text{Revenue}}$ | = Capital Turnover |
| 2016 | 7.7% | 0.12 | 0.03 | 4.52 |
| 2017 | 8.5% | 0.12 | 0.03 | 4.20 |
| 2018F | 8.9% | 0.15 | 0.03 | 3.77 |
| 2019F | 8.9% | 0.14 | 0.02 | 3.98 |
| 2020F | 8.9% | 0.12 | 0.02 | 4.22 |
| Year | Operating Margin | x Capital Turnover | x Cash Tax Rate | = After-tax Return on Inv. Capital |
| 2016 | 18.3% | 4.5 | 80.36 | 66.36 |
| 2017 | 13.2% | 4.2 | 80.93 | 44.87 |
| 2018F | 15.0% | 3.8 | 80.50 | 45.58 |
| 2019F | 15.6% | 4.0 | 80.50 | 50.04 |
| 2020F | 15.9% | 4.2 | 80.50 | 54.08 |

Source: KGI Research

TOA Paint (Thailand)- Recommendation & target price history



Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------|-------|-------------------------------------------|-------|-----------------------|
| EGCO | ELECTRICITY GENERATING | KTB | KRUNG THAI BANK | TISCO | TISCO FINANCIAL GROUP |
| KBANK | KASIKORNBANK | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING | | |
| KKP | KIATNAKIN BANK | SCB | THE SIAM COMMERCIAL BANK | | |



Companies with Very Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|----------------------------|--------|----------------------------|-------|----------------------------------------|
| ADVANC | ADVANCED INFO SERVICE | ERW | THE ERAWAN GROUP | SCC | THE SIAM CEMENT |
| AOT | AIRPORTS OF THAILAND | GFPT | GFPT | SPALI | SUPALAI |
| AP | ASIAN PROPERTY DEVELOPMENT | IFEC | INTER FAR EAST ENGINEERING | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| BBL | BANGKOK BANK | LPN | L.P.N. DEVELOPMENT | SVI | SVI |
| BH | BUMRUNGRAD HOSPITAL | MINT | MINOR INTERNATIONAL | TASCO | TIPCO ASPHALT |
| BIGC | BIG C SUPERCENTER | PS | PRUKSA REAL ESTATE | TCAP | THANACHART CAPITAL |
| CK | CH. KARNCHANG | QH | QUALITY HOUSES | TMB | TMB BANK |
| CPALL | CP ALL | ROBINS | ROBINSON DEPARTMENT STORE | TRUE | TRUE CORPORATION |
| CPN | CENTRAL PATTANA | RS | RS | | |
| DRT | DIAMOND ROOFING TILES | SAMART | SAMART CORPORATION | | |



Companies with Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|---------------------|-------|-------------------------|--------|--------------------|
| CENTEL | CENTRAL PLAZA HOTEL | HMPRO | HOME PRODUCT CENTER | MAKRO | SIAM MAKRO |
| DCC | DYNASTY CERAMIC | ILINK | INTERLINK COMMUNICATION | MODERN | MODERNFORM GROUP |
| GL | GROUP LEASE | KTC | KRUNGTHAI CARD | TRT | TIRATHAI |
| GLOW | GLOW ENERGY | MAJOR | MAJOR CINEPLEX GROUP | TVO | THAI VEGETABLE OIL |

Companies classified Not in the three highest score groups

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|--------------------------------|--------|----------------------------|-------|------------------------------|
| AAV | ASIA AVIATION | CHG | CHULARAT HOSPITAL | NOK | NOK AIRLINES |
| ANAN | ANANDA DEVELOPMENT | CKP | CK POWER | PACE | PACE DEVELOPMENT CORPORATION |
| BA | BANGKOK AIRWAYS | DTAC | TOTAL ACCESS COMMUNICATION | SAWAD | SRISAWAD POWER 1979 |
| BCH | BANGKOK CHAIN HOSPITAL | GLOBAL | SIAM GLOBAL HOUSE | TMT | THAI METAL TRADE |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | GPSC | GLOBAL POWER SYNERGY | TPCH | TPC POWER HOLDING |
| BEM | BANGKOK EXPRESSWAY AND METRO | GUNKUL | GUNKUL ENGINEERING | WHA | WHA CORPORATION |
| BJCHI | BJC HEAVY INDUSTRIES | LPH | LADPRAO GENERAL HOSPITAL | WORK | WORKPOINT ENTERTAINMENT |
| CBG | CARABAO GROUP | MTLS | MUANGTHAI LEASING | | |

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|-----------------|-------|-----------------|-------|--------------|
| CPN | CENTRAL PATTANA | SCC | THE SIAM CEMENT | | |

Level 4: Certified

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|------------------------|-------|----------------------------|-------|-----------------------|
| ADVANC | ADVANCED INFO SERVICE | IFEC | INTER FAR EAST ENGINEERING | SVI | SVI |
| BBL | BANGKOK BANK | KBANK | KASIKORN BANK | TCAP | THANACHART CAPITAL |
| DCC | DYNASTY CERAMIC | KKP | KIATNAKIN BANK | TISCO | TISCO FINANCIAL GROUP |
| DRT | DIAMOND ROOFING TILES | KTB | KRUNG THAI BANK | TMB | TMB BANK |
| EGCO | ELECTRICITY GENERATING | MINT | MINOR INTERNATIONAL | | |
| ERW | THE ERWAN GROUP | SCB | THE SIAM COMMERCIAL BANK | | |

Level 3: Established

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|--------------------------------|--------|----------------------------|--------|-------------------------------------------|
| AAV | ASIA AVIATION | DTAC | TOTAL ACCESS COMMUNICATION | PACE | PACE DEVELOPMENT CORPORATION |
| ANAN | ANANDA DEVELOPMENT | GFPT | GFPT | PS | PRUKSA REAL ESTATE |
| AP | ASIAN PROPERTY DEVELOPMENT | GL | GROUP LEASE | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING |
| BA | BANGKOK AIRWAYS | GLOW | GLOW ENERGY | ROBINS | ROBINSON DEPARTMENT STORE |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | GPSC | GLOBAL POWER SYNERGY | SAMART | SAMART CORPORATION |
| BIGC | BIG C SUPERCENTER | HMPRO | HOME PRODUCT CENTER | SPALI | SUPALAI |
| BJCHI | BJC HEAVY INDUSTRIES | KTC | KRUNGTHAI CARD | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| CENEL | CENTRAL PLAZA HOTEL | LPN | L.P.N. DEVELOPMENT | TASCO | TIPCO ASPHALT |
| CHG | CHULARAT HOSPITAL | MAKRO | SIAM MAKRO | TMT | THAI METAL TRADE |
| CK | CH. KARNCHANG | MODERN | MODERNFORM GROUP | TPCH | TPC POWER HOLDING |
| CKP | CK POWER | NOK | NOK AIRLINES | WHA | NOK AIRLINES |

Level 2: Declared

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|----------------------|--------|-------------------------|-------|--------------------|
| AOT | AIRPORTS OF THAILAND | GUNKUL | GUNKUL ENGINEERING | QH | QUALITY HOUSES |
| BH | BUMRUNGRAD HOSPITAL | ILINK | INTERLINK COMMUNICATION | TRT | TIRATHAI |
| GLOBAL | SIAM GLOBAL HOUSE | MTLS | MUANGTHAI LEASING | TVO | THAI VEGETABLE OIL |

Level 1: Committed

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|----------------------|-------|--------------|-------|----------------------|
| CBG | CARABAO GROUP | RS | RS | SAWAD | SIRISAWAD POWER 1979 |
| MAJOR | MAJOR CINEPLEX GROUP | | | | |

No progress

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------------|-------|--------------------------|-------|-------------------------|
| BCH | BANGKOK CHAIN HOSPITAL | CPALL | CP ALL | WORK | WORKPOINT ENTERTAINMENT |
| BEM | BANGKOK EXPRESSWAY AND METRO | LPH | LADPRAO GENERAL HOSPITAL | | |

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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| Rating | Definition |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outperform (OP) | The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan).. |
| Neutral (N) | The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan) |
| Under perform (U) | The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan). |
| Not Rated (NR) | The stock is not rated by KGI. |
| Restricted (R) | KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i> |
| Note | When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically. |

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